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The Director of Central Intelligence

Washington, D.C. 20505

17 September 1980

ALERT MEMORANDUM

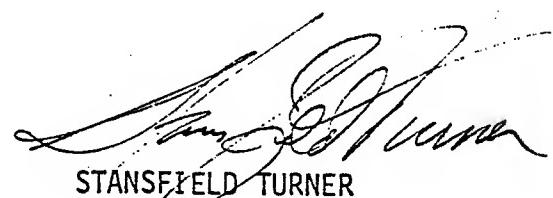
MEMORANDUM FOR: National Security Council

SUBJECT: Iran - Iraq

The intensification of border clashes between Iran and Iraq has reached a point where a serious conflict is now a distinct possibility. I believe the most immediate danger--should the hostilities widen-- is the possibility of a disruption of Iraq's oil exports. The attached Alert Memorandum outlines this and other potential dangers of a major conflict between the two states.

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STANSFIELD TURNER

## THE DIRECTOR OF CENTRAL INTELLIGENCE

WASHINGTON, D. C. 20505

National Intelligence Officers

17 September 1980

ALERT MEMORANDUM\*Iran-Iraq Conflict

*Border clashes between Iran and Iraq have escalated significantly since the beginning of September. Last weekend, Iraq apparently moved significant elements of an armored division to the central border area. Baghdad has occupied territory it claims should be returned under the 1975 Algiers Accord and threatened to seize more.*

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*[redacted] suggest that major elements of two Iraqi mechanized divisions either are preparing to leave or have left their garrisons, possibly for the border area.*

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Both Baghdad and Tehran have been constrained from initiating a major conflict in the past by numerous political and economic factors, including the threat of superpower intervention, the proximity of their oil installations to the border, and the danger that war would exacerbate domestic political unrest. These factors continue to restrain both Iran and Iraq, but Iraq's willingness to seize and hold disputed territory and its military movements represent a qualitative change that increases the danger that clashes will escalate out of control or that either side's perception of the constraints will suddenly change.

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\*The Alert Memorandum is an interagency publication issued by the Director of Central Intelligence on behalf of the Intelligence Community. Its purpose is to ensure that senior policymakers are aware of impending potential developments that may have serious implications for US interests. It is not a prediction that these developments will occur. This memorandum has been coordinated at the working level with CIA, DIA, NSA, and State/INR, and the Strategic Warning Staff.

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If major hostilities between Iran and Iraq should occur, the US hostage crisis could be further complicated. Iran has long accused the United States of encouraging Iraqi aggression, and the militants holding the US hostages have threatened to kill them if Iraq launches a "full-scale" attack. Although Iranian propaganda cannot be accepted at face value, the threat to the hostages probably could be increased especially if Iran suffered a serious defeat. [redacted]

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In the event of major hostilities, Iraq is capable of occupying the Khuzestan oilfields. Iraq's close ties to Iranian dissidents provide the means to set up a puppet government. But, a major Iraqi offensive into Khuzestan would involve Iraq in a costly and protracted struggle with Iran. Iran, for its part, could disrupt Iraqi shipping in the Gulf. [redacted]

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Both Iraq and Iran have much of their oil infrastructure located near the border--two-thirds of Iraq's exports move through vulnerable Persian Gulf facilities--and these facilities would probably be damaged by fighting and sabotage if the conflict lasted more than a few days. Disruption to Iraq's oil exports would result in immediate renewed pressure on world oil prices. A prolonged cutoff of oil exports would have a severe impact on supply availability as well as prices. Iraq currently exports about 3 million barrels of crude oil per day, most of which is imported by Western Europe, Japan, and Brazil. The United States obtains only about 1-2 percent of its requirements for imported oil from Iraq. Iran currently exports about 800,000 barrels of crude oil and products per day; none goes to the United States. [redacted]

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An expanded conflict could also have a destabilizing impact on other Middle Eastern states. Iraq would seek to portray the conflict as one between Arabs and Persians in order to gain Arab backing. Iran might appeal, probably unsuccessfully, to Syria for support against their mutual enemy. Tehran would probably step up its appeals to the Shias in Iraq to revolt and might also urge the Shias in Saudi Arabia, Kuwait, Bahrain, and other Gulf countries to attack Iraqi and US interests. [redacted]

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The Soviets have long been concerned that military clashes between Iran and Iraq will damage their ties with both countries. They may also be worried that the United States could use intensification of the conflict to justify intervention in Iran or that Tehran would move to resolve its conflict with the United States in order to better confront Baghdad. Consequently, the Soviets probably consider their interests best served by the prevention of the outbreak of full-scale hostilities. [redacted]

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Should major hostilities occur, the Soviets might offer to act as a mediator and seek to arrange a ceasefire. If this effort fails, the Soviets might attempt to use their arms relationship with the Iraqis to persuade them to desist. The USSR, however, is unlikely to cut off arms. The consequence of limiting Iraqi arms supply would be to force Baghdad to search for alternative Western sources of arms and damage bilateral Soviet-Iraqi relations. If Iraq were to seek to occupy large parts of Iran--such as the oilfields--Soviet efforts to dissuade Baghdad would probably be even stronger, possibly including warnings that Iraqi occupation could lead to Soviet military intervention in Iran. 25X1

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